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Paterson Seeks Cuts of \$1 Billion

By [JEREMY W. PETERS](#)

ALBANY — Gov. [David A. Paterson](#) presented a plan on Monday to trim \$1 billion from the state's budget this year by cutting spending on [Medicaid](#) assistance, higher education and pork-barrel projects.

Coming less than three months before the general election, the plan appears designed to give state legislators some degree of political cover by proposing more than twice the amount of budget cuts Mr. Paterson had said were necessary.

But it also places them in the position of having to choose between paying for prized government programs or popular — but often inessential — projects in their districts.

Speaking to reporters on Monday, Mr. Paterson cast his proposal as a pre-emptive strike to limit damage to the increasingly fragile New York economy. He said it was now up to the Legislature to prevent the situation from worsening.

“This is how you get out of fiscal woes,” Mr. Paterson said during a conference call with the reporters. “I’m confident that the Legislature will make those tough decisions, and though there will be some pain, we will be further on the road to prosperity than other states that waited too long.”

Mr. Paterson’s plan — which would cut just under 1 percent from the current budget — was greeted with skepticism by members of the Democratic-controlled Assembly and Republican-led Senate, suggesting that the governor and legislative leaders have some distance between them ahead of a special legislative session scheduled for next week.

“I’m not saying it wouldn’t be necessary to do some adjustments, but these are utterly draconian cuts,” said James F. Brennan, a Democratic assemblyman who represents Brooklyn. “This situation is manageable. We’ve addressed large deficits in the past, way larger.”

[Dean G. Skelos](#) of Long Island, a Republican and the majority leader of the Senate, said in a statement shortly after Mr. Paterson spoke about the plan that he was wary of making the kinds of cuts the governor had laid out.

“It’s important that the governor and Legislature not take any actions that would force local governments to raise their local taxes to make up for a shortfall from Albany,” Mr. Skelos said. “We are concerned that reducing local government assistance funding may have such an effect.”

Mr. Paterson’s plan relies on rolling back \$1.04 billion of the planned budget increase that would go to locally administered programs — everything from money that hospitals are given to provide care to the

poor through Medicaid to money for the [City University of New York](#).

All told, the state's budget, including state and federal funds, would be \$120.2 billion for the current fiscal year, which began on April 1. At that level, the budget would still be 3.9 percent bigger than last fiscal year's. But that is slower than the inflation rate, which was 4.2 percent during the first half of 2008, meaning that Mr. Paterson is effectively proposing a slight cut.

Many programs, like school financing, would not be cut this year. Mr. Paterson exempted other locally administered programs like special education and youth detention from the cuts as well.

The biggest reduction would come from a \$506 million cut in the increase for Medicaid spending. Under the governor's proposal, Medicaid spending growth this year would fall to 1.7 percent from the currently budgeted increase of 4 percent.

Mr. Paterson also proposed saving \$51 million by decreasing aid to the City University of New York. Member items, an Albany euphemism for pork projects, would be cut in half this year to \$100 million.

In an election year, some legislators could find those cuts especially stinging.

"It puts us in an incredibly tough spot right before primaries, right before the general election," said Micah Z. Kellner, a Democratic assemblyman who represents the Upper East Side of Manhattan. "It's the hardest thing in the world to say, 'Sorry, I promised you \$10,000 for your playroom at your kindergarten center, but I don't have that \$10,000 to give you anymore.'"

Legislators were not the only ones expressing concern about Mr. Paterson's plan on Monday. By proposing a \$500 million reduction in the Medicaid budget, Mr. Paterson is setting himself up for a confrontation with the state's powerful hospital lobby and health care unions.

Kenneth E. Raske, president of the Greater New York Hospital Association, said the cuts — which would affect funds for hospitals, nursing homes, prescription drugs and home health care — were possibly "the single most damaging budget proposal I've seen in my career."

Mr. Raske added: "We're asking the Legislature to reject these cuts and not bury their heads in the sand. We're getting crushed here."

Some outside budget analysts noted the lack of any initiatives in Mr. Paterson's proposal that would raise money, like new fees or tax increases, which they said could be a calculated political move.

"He's giving them a menu," said Carol Kellermann, president of the [Citizens Budget Commission](#), a nonprofit civic organization. "I think he's trying to put the ball into their court."

So far, Mr. Paterson has resisted an effort by Assembly Democrats to raise income taxes on the New Yorkers who earn more than \$1 million a year. On Monday, Mr. Paterson repeated his objections to a tax increase, but he did say that he would consider it as a last resort.

"There is no way that we would eliminate any possibilities," he said, adding, "If it gets much worse, we will have to consider taxes."

Any plan to raise taxes would face strong opposition in the Senate. John McArdle, a spokesman for Mr. Skelos, said: “Any tax increase of any sort is the wrong way to go, and we will oppose it. Senator Skelos is flat out opposed.”

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